Advance employee development to increase performance of the family business

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Abstract

Purpose – The search for competitiveness by family-owned companies has led us to research topics that may help these companies succeed. The management of human capital is undoubtedly one of the keys to success, and the practices of employee development (training, promotion, succession, career planning, mentoring and coaching) help improve the performance of these companies.

Design/methodology/approach – This paper is based on studying a sample of 560 family companies and analyzing the relationship between performance of the family businesses and the use of employee development practices. The techniques used were confirmatory factor analysis and structural equation modeling.

Findings – The results show that employee development has a direct effect on the indicators of performance in family companies. The authors have developed a series of practical implications for companies that justify investments in and efforts with regard to employee career development.

Research limitations/implications – Family businesses need to understand the development needs of their employees. In addition, the very processes and tasks performed. The authors have developed a number of practical implications for companies that justify the investments and efforts made in employee career development. This work validates the usefulness of the use of certain practices for the development of employees in family businesses, allowing the company to generate human capital to build a competitive position in the market.

Practical implications – The results of this study suggest that family businesses should understand the development needs of their employees and that various practices are available to help detect these needs. Family businesses should see individual development processes as an opportunity to improve the performance of employees, which could avoid conflicts in such businesses (Qiu and Freel, 2020). Companies should develop career and succession plans that enable these changes to be faced throughout the company, ensuring that when handover occurs, the candidates are sufficiently qualified in accordance with their career paths. The present research study shows that coaching is a powerful tool for improving performance. Moreover, mentoring appears to be an important part of employee development. For this reason, mentoring programs should be formally planned with designated objectives. In addition, family businesses should provide employees with real opportunities for promotion and the development of their skills and abilities, which is a way to retain nonfamily professionals (Ramankutty and Pujar, 2017).

Social implications – Family businesses are a very important part of the productive activity of a country and their continuity is necessary to maintain employment and income. The management of people in family businesses is a key aspect for their success, therefore knowing the key aspects for the development of human capital will have a positive influence on maintaining employment and income.

Originality/value – This paper addresses the study of people development processes in family businesses and proves its usefulness to improve performance, considering the formal planning of succession processes and professional careers, providing qualifications to candidates and ensuring that they are show satisfaction with their professional evolution in the company. Likewise, it is positive for family businesses

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to use coaching relationships, formally scheduled and employing a coach from abroad. The other tool that will favor the development of employees is mentoring, formally programmed, establishing objectives and properly studying the mentor's profile. For this tool to be applied successfully, it is necessary to get the participants to commit to the mentoring process. Finally, the organization must provide its employees with real opportunities to promote, training them and developing their skills.

Keywords Development, Family business, Coaching, Mentoring, Training, Performance

Paper type Research paper

1. Introduction

In recent decades, interest in human resource management-related activities has increased among both researchers and practitioners (Hoon *et al.*, 2019; Kaur and Kaur, 2020). This interest is largely due to the influence of people management on organizational success (Bhattacharya *et al.*, 2005; Jiang *et al.*, 2012) and its connection to employee attitudes and skills (Pak *et al.*, 2019; Van De Voorde *et al.*, 2012) and firm performance (Van Esch *et al.*, 2018).

This need to advance in the knowledge of people management is even more intense in family businesses, which present their own distinguishing characteristics arising from the presence of various factors, such as nepotism in decision-making, the presence of family members as employees (Harris *et al.*, 2004), the accommodation of family members (Qiu and Freel, 2020) and the patterns of ownership, governance, succession and belief systems (Payne *et al.*, 2011). Management and ownership are usually concentrated in a small group of family members (Debicki *et al.*, 2016). Regarding people management, these particular concerns of family businesses are especially sensitive, and as a result, unique relationships can be expected between training and new employee development practices and performance. Matlay (2002) tackles the differences between the training and development policies in family firms and those in nonfamily firms and emphasizes the specific problems that may arise because of the presence of family and nonfamily employees in the workforce, as well as the implications of the process of succession (Ramankutty and Pujar, 2017). Le Breton-Miller and Miller (2006) state that family companies pay more attention to these practices, are more attentive to employee training, and make more effort to formulate career development policies than nonfamily companies. Therefore, differential behavior between nonfamily businesses and family businesses in terms of employment is clear given the existing empirical evidence (Lorenzo *et al.*, 2022; Rivo-López *et al.*, 2020). Therefore, the study of the management of people is a key topic for these organizations and the number of research articles studying some aspect of human resources in relation to firm performance is increasing considerably. Recently, studies have been conducted that pertain to the effects on the relationship between perceived employability and performance (De Cuyper *et al.*, 2014), how competencies are essential for predicting employee performance and firm performance (Ingram *et al.*, 2020; Kaur and Kaur, 2020) and the effects of age and job characteristics on job satisfaction, engagement and performance (Truxillo *et al.*, 2012).

In studies on human resources, there is an increasing attention given to practices of employee development, and organizations likewise are devoting significant effort and investment to these areas (Harris *et al.*, 2004; Hoffman *et al.*, 2006; Ibrahim *et al.*, 2004; Matlay, 2002; Vallejo, 2009) since human resources are the source of sustained competitive advantage in family firms (Kaur and Kaur, 2020). In addition, research has evolved from the traditional idea of career development to a new perspective called the "new career" or boundaryless career, which incorporates new techniques and tools to facilitate the mobility and transferability of employees between different areas of an organization (Zaleska and de Menezes, 2007). The importance of lifelong learning and development driven by labor market challenges has also been highlighted (Karpinska *et al.*, 2015). These methods of development enable employees to assume a wider range of jobs and perform more functions (Hall and Mirvis, 1995). This new concept encourages the family businesses to use of techniques such as promotion, lateral rotation, mentoring and coaching, coupled with the use of internal promotion programs, succession planning, training and career development resulting in the accumulation of expertise by employees (Núñez-Cacho and Grande-Torraleja, 2013).

The objective of this paper is to empirically study the link between practices of training and employee development and organizational performance in the family businesses. This work helps in filling some of the identified gaps in the literature and extends our understanding of the relationship between company performance and new employee development practices.

2. Theoretical development and the formulation of hypotheses

Family businesses may take professionalization (Fang *et al.*, 2012) as a strategic option for achieving a competitive advantage since the diverse perspectives contributed by internal or external professionals can enhance the ability to recognize and exploit opportunities while managing risks in the dynamic environment (Polat, 2020).

Researchers note that family firms may experience performance benefits from establishing business practices (Stewart and Hitt, 2012). Additionally, employee development practices must be considered a strategic asset and a creator of competitive advantage based on the characteristics described by Barney (1991). Human resources are valuable, scarce, sustainable and inimitable and can be considered a source of sustainable competitive advantage for a company and a contributor to growth and profitability (Hatch and Dyer, 2004). In addition, human resource management is recognized as a crucial success factor in attracting new talent (Botero *et al.*, 2012).

Specifically, employee development practices help confer strategic value to human resources; thus, they make imitation more difficult. Therefore, it becomes more difficult for competitors to reproduce the capital generated through training and new employee development practices because it is impossible to make the same specific use of the same people (Hatch and Dyer, 2004). According to the theory of resources and capabilities, development programs that are tailored to the needs of a company can generate resources that create a sustainable competitive advantage (Barney, 1991; Gainey and Klaas, 2003).

An analysis of a family business based on the theory of resources and capabilities can help determine the basis of competitive advantage (Chrisman *et al.*, 2003). Such an analysis also has important implications for the development of empirical methodologies and can provide measurable variables. As a result, this theoretical standpoint is often selected by researchers. There are several positive mechanisms through which family firms influence their employees (Belot and Waxin, 2017). This "family effect" in a company enhances the sustainable competitive advantage that arises from the management of new employee development practices; thus, it helps firms improve their performance.

Studies call for a better use of formal human resource practices such as structured training opportunities and job-related development programs (Hoon *et al.*, 2019). We can find only a few articles in the literature linking these practices and the performance of family businesses. As a result, when proposing a relationship between the two variables, we will build on general studies of businesses that also address the specificities of family businesses.

New employee development practices represent one of the greatest challenges in human resource management (Reid and Adams, 2001) and are considered practices that encourage good performance (Beaver and Hutchings, 2005; Carbery and Garavan, 2007; Perlines and García-Pardo, 2008). Increased investment in new employee development practices improves results and helps firms create a sustainable competitive advantage (Tadic and Barac, 2009). Such investment also creates more competent and productive employees (Wan, 2007) and improves employee attitudes and behavior (Cruz *et al.*, 2011; Madison *et al.*, 2018).

In the case of family businesses, we note that the issues most discussed in the literature are succession and career planning. Both issues are included in the development of human resources and are considered critical for the success of family businesses (Van der Merwe *et al.*, 2009) as a strategy practice process (Osnes, 2020).

It has also been stressed that the managers of family businesses should consider new practices of employee development, such as mentoring (Duh *et al.*, 2010). Coaching can also make an important contribution (Härtel *et al.*, 2010) since studies point to a prevalence of and preference for coaching and mentoring practices (Núñez-Cacho and Grande-Torraleja, 2013). Carlson *et al.* (2006) found that employee development was one of the practices that produced the greatest impact on performance. As a result of these arguments, we propose the following hypothesis:

H1. Employee development is directly and positively related to the performance of family businesses.

We will now focus on the specific case of training. The literature review revealed that studies address that the influence of training on the performance of family businesses are scant. To analyze this effect, we will build on general research on companies and then deal with the specific case of family firms. The strategic nature of training has been documented by authors such as Bontis and Serenko (2007), Alleyne *et al.* (2006), Beaver and Hutchings (2005), Carbery and Garavan (2007) and Chand and Katou (2007). According to these authors, training generates high levels of performance, and they highlight the specific importance that training has in organizations.

For Aragón, Sánchez and Valle (2007), organizations that are more future-oriented are also more influenced by training. Siswo (2004) states that training is one of the key practices for organizations, especially when training is associated with technological activities. Akdere and Schmidt (2007) demonstrate that training enables employees to obtain the knowledge and skills necessary to improve a company's market position. In this respect, Birdi *et al.* (2008) discuss the existence of a relationship between employee training and productivity, and they state that training employees is the second most important management activity. Authors who have studied the impact of training include Gautam and Davis (2007), Klein and Weaver (2000) and Uysal (2008).

Carlson *et al.* (2006) show that family firms that prioritize developing their employees perform better than others. Ibrahim *et al.* (2003) and Ibrahim *et al.* (2004) indicate that training is very important because it is one of the factors influencing the success of a succession. For Birdthistle (2006), there are many factors that make family businesses adopt a training strategy, including internationalization, technology and increased market competition. He states that training is essential for family firms. Núñez-Cacho (2010) considers that training affects the performance of family firms and that the nature of this influence should be further analyzed. Based on these considerations, we propose the following hypothesis:

H2. To develop employees, employee training is directly and positively related to the performance of family businesses.

As a method of staff development, coaching has experienced significant and harmonious growth over the last few years (Kampa-Kokesch and Anderson, 2001). Its popularity responds to the needs arising from work environments (Sherman and Freas, 2004), and it is increasingly being applied in business organizations. Next, we will review the definitions of the term and the analyses of the coaching relationship and its benefits and effectiveness.

Coaching or training is a guided, structured improvement process with continuous monitoring that brings the participants closer to the optimal performance requirements pre-established for their current role within their organization. According to Colomo-Palacios and Casado-Lumbreras (2006), we can consider coaching to be essentially a conversation between two parties, a coach and a coachee in a productive and results-oriented context. The coaching process seeks to develop and enhance the individual's competencies, keep the individual focused and aware of new opportunities for growth and development, and identify and change the thoughts or beliefs that limit the individual's development (Colomo-Palacios and Casado-Lumbreras, 2006). The idea is to help the student focus his or her professional career and his or her life, establish goals and objectives, and control and verify their fulfillment and, secondarily, to provide the student with a proactive orientation for action and decision-making and the strength to undertake the changes that are necessary to achieve the successful end of the processes (Bolch, 2001).

The unique characteristics of family businesses affect the coaching process, generally due to the business-family interaction (Ramankutty and Pujar, 2017). When a process is carried out, it is positively affected by the organizational climate, commitment, culture and dynamic capabilities. Thus, the coach must know the particularities of the company, its dynamics and the family relationships. The process must be planned by the company, listening to the family, with a coach who knows the particularities of the family business and allows a relationship of trust. Points of family tension should also be studied because reducing conflicts will improve the performance of the family business (Qiu and Freel, 2020). Coaching will support professional development, including it in career and succession plans (Núñez-Cacho, 2010).

H3. Coaching is positively related to the performance of family businesses.

Families and family businesses receive numerous benefits derived from the coaching and mentoring process. It can be used as a human resource development practice in activities such as talent development. Additionally, coaching and mentoring are not ordinary tools, and they are a very effective method for passing on norms, values, assumptions and myths, which are part of the organizational culture and family heritage. Therefore, they are a key mechanism for transmitting knowledge (Härtel *et al.*, 2010; Núñez-Cacho and Grande-Torraleja, 2013).

Another outcome of the process to be highlighted is the increase in commitment of the protégé not only to the organization (Payne and Huffman, 2005) but also to the profession (Mitchell *et al.*, 2015). It could be expected that the increase in this commitment will have a positive effect on the willingness of the protégé to face the functions that the family and the organization have assigned to him or her.

Consequently, mentoring is a remarkable and interesting tool for family businesses due to its ability to generate internal human capital and for its potential to transform the attitudes of protégés, who become more versatile. Additionally, it enables decision-making. The family expects that mentoring will facilitate the career development of the protégé (Núñez-Cacho and Grande-Torraleja, 2013), whether the family member involved in the process is the potential successor or not, because the family unit is seeking the continuity of the firm through a successful succession. The family knows that the son/daughter needs to be prepared to assume the duties of leadership. Additionally, the family will receive satisfaction through the success of the process, increasing stability in the family, reducing conflicts (Distelberg and Schwarz, 2015) and facilitating the continuity of the family business (Mitchell *et al.*, 2015; Overbeke *et al.*, 2013).

Thus, mentoring is shown to be a practice that is valuable with regard to the expectations of family continuity and the success of the business (Overbeke *et al.*, 2013). The reason is the nature of mentoring, which addresses the psychosocial development of the pupil at the personal, social, political and organizational level. Mentoring focuses on the pupil's skills, identity and role in the organization, which is particularly relevant when participants have family mentoring relationships. Thus, we propose our next hypothesis which is as follows:

H4. Mentoring is positively related to the performance of family businesses.

Internal promotion and rotation are considered sources of recruitment that allow organizations to incorporate personnel into the necessary positions from within. From the theoretical perspective, promotion has been studied in depth, and it has been one of the basic assumptions based on which both various economic models have explained the operation of companies (Lazear and Rosen, 1981) and various models of career development have launched the careers of professionals (Gibbons and Waldman, 1999), with promotion being integrated as a supportive part of employee development. However, in contrast to the theoretical aspect, there is little empirical evidence available, and it refers exclusively to a specific organization or to a sample of the general population (Pergamit and Veum, 1999).

The different authors who have analyzed this practice emphasize that promotion allows companies to adjust the positions in their organizational chart and is beneficial for staff development (Flores, 2008). Thus, employees of organizations that develop internal promotion systems achieve better performance, are more creative, are more willing to work as a team and pay more attention to quality, all of which translates into greater organizational productivity. Similarly, when workers do not find development opportunities within the company itself, they become frustrated, which reduces their motivation and productivity (Hassan, 2007). In the same sense, other investigations, such as those of Uysal (2008) and Wan (2007), show that the promotion of human resources is a first-order element in the development of human resources and indicate that there is a positive relationship between the use of internal promotion systems and the development of employees. Thus, we formulate the following hypothesis:

H5. Promotion is positively related to the performance of family businesses.

Rotation is considered an important tool for gaining skills and experience in today's competitive environment. It is valued as a high-performance practice by Vloeberghs *et al.* (2005), who also state that rotation is beneficial because it contributes to employee learning and increases human capital since it increases motivation (Ortega, 2001). The reality is that every day, an increasing number of organizations are using rotation, and it affects organizations in ways that have been documented by works such as that by Ichniowski *et al.* (1996). Therefore, we formulate the next hypothesis:

H6. Rotation is directly and positively related to the performance of family businesses.

We also consider succession and career plans to be practices that constitute the development of an organization's human resources. Hassam (2007) analyzes the incidence of various human resource practices in companies and shows that career planning is part of the employee development process. Along the same lines, Wan (2007) states that opportunities for career development in organizations present different benefits, such as contributing to the decrease in employee turnover, which translates into better employee development. Additionally, Chen *et al.* (2004) point out that the preparation of career and succession plans shapes the development of employees.

Succession plans are a particular case of career plans. Kotey and Sheridan (2004) affirm that owing to training and development, greater awareness is fostered when considering succession in the company, which is a key issue in family businesses. Thus, Ibrahim *et al.* (2004) state that succession plans become one of the critical aspects guaranteeing the survival of the family business and that facing succession in a planned way will improve its performance, which is why it is a very important part of employee development. Along the same lines, Levitt (2005) emphasizes that early succession planning will contribute to the development of potential successors. Therefore, we propose the following hypothesis:

H7. Succession planning is positively related to the performance of family businesses.

3. Empirical study and methodology

Having presented our research model, we now examine our hypotheses and address any research questions that arise. We begin by describing the target population, followed by the method used to obtain information; finally, we describe the variables used.

3.1 Selection of the target population

The study population was composed of family firms with between 50 and 3,000 employees. In 2008, the Europe-based national associations of family businesses adopted the formal definition used by the European Group of Family Businesses (GEEF) for use in various studies on family businesses (Lorenzo and Núñez-Cacho, 2012); this definition considers a family business one in which the majority of the votes are owned by the person or persons in the family who founded or acquired the company. The majority of the votes can be direct or indirect, but at least one representative of the family must participate in the management or governance of the company. Listed companies are considered a family business if the person who founded or acquired the company, or their relatives or descendants, own 25% of the voting rights entitled by the share capital.

The family firms in the sample belonged to various economic sectors, the average size was 205 employees, and the average age of the companies was 32 years. A total of 26% of the companies were first generation, 51% were second generation, 18% were third generation and 5% were fourth generation or more. The sampled companies had an average productivity of 4.8%. Firm age, the number of workers, and the generation were used as control variables. The information was gathered using a telephone survey, as this method enabled us to obtain accurate and completed questionnaires and a high response rate. We made 1,754 calls and achieved a response rate of 32% (meaning that we obtained 560 completed questionnaires from different Spanish family businesses). The sample size enabled us to use any method of estimation while maintaining the stability of the covariance structure, as proposed by Bentler (2006).

3.2 Information gathering: questionnaire design and fieldwork

In this study, we used both primary and secondary information sources. As primary sources, we used a questionnaire. As secondary sources, we analyzed the balance sheets and profit and loss accounts of the surveyed companies; this information was obtained from the Sistemas de Anàlisis de Balances Ibericos (SABI) database. The questionnaire was designed following a review of the existing literature concerning theoretical approaches to the problem. Regarding the items, a panel of experts was consulted. The questionnaire included the following sections: (1) general aspects and characteristics about the family nature of the company, (2) employee development practices and (3) business performance. The scales were adapted from Núñez-Cacho (2010).

Before administering the questionnaire, we sent copies to a group of experts to assess the adequacy of the items and the constructs formed. We eliminated those items that the experts advised us to delete and included others that the group recommended. After a second round of interviews, the group was satisfied with the modified questionnaire. The questionnaire (using a five-point scale) was then pre-tested to assess its practical operation. No reason for any further modification was found in this pre-test, and therefore, we developed the final questionnaire.

4. Analysis of the results

We used causal analysis with covariance structures (specifically, structural equation models) to analyze the impact of employee training and development on the performance of family businesses. As a first step, we evaluated the scales by examining their dimensionality, reliability and validity (Biasutti and Frate, 2017; Hair *et al.*, 2010).

4.1 Dimensionality, reliability and validity

To confirm the dimensionality of the scales, we used exploratory factor analysis to examine the suitability of the groupings of variables around the corresponding dimensions. Accordingly, the training construct is composed of the following dimensions: an analysis of employee training needs, training planning, training evaluation and rotation. The construct of new employee development practices consists of the following dimensions:

succession and career planning, coaching, mentoring and promotion. Finally, the performance construct is captured by three dimensions: employee performance, business growth and profitability.

We studied the convergent and discriminant validity of the scales (De Vellis, 1991; Hair *et al.*, 1999). For the training, development and performance scales, convergent validity was determined based on the results of the first-order confirmatory factor analysis (Hernández-Linares *et al.*, 2018) shown in Table 1. This table shows that the α coefficients, which measure the relationship between observable and latent variables, are statistically significant at a

Dimension	Item	Estimators (*T*-value)	Coefficient λ	Goodness of fit of FCA	
Training, F1, F2, F3	NEEDS A. 1	20.5	0.63		
	NEEDS A. 2	20.3	0.65		
	NEEDS A. 3	9.38	0.73	χ^2	51.95
				df	51
	TRAINING. P. 1	5.2	0.65	p	0.43
	TRAINING. P. 2	5.46	0.68	NFI	0.969
	TRAINING. P. 3	5.65	0.93	NNFI	0.999
	TRAINING. P. 4	5.47	0.73	CFI	0.999
	TRAINING. P. 5	5.14	0.65	IFI	0.999
	TRAINING. P. 6	5.48	0.94	MFI	0.998
	TRAINING E. 1	5.73	0.81	RMSEA	0.006
	TRAINING E. 2	5.76	0.76		
Rotation and learning	ROTAC. 1	6.99	0.59		
F4	ROTAC. 2	6.5	0.53		
Succession planning	PLANNING S. 1	6.69	0.51		
F5	PLANNING S. 2	8.43	0.60		
	PLANNING S. 3	12.87	0.90		
	PLANNING S. 4	12.46	0.93		
Coaching	COACH1	10.68	0.83	χ^2	30
F6	COACH2	10.93	0.96	df	109
	COACH3	6.6	0.69	p	0.10
Mentoring	MENTOR1	12.93	0.84	NFI	0.92
F7	MENTOR2	12.46	0.85	NNFI	0.95
	MENTOR3	13.22	0.84	CFI	0.98
	MENTOR4	14.14	0.85	IFI	0.98
	MENTOR5	13.58	0.87	MFI	0.90
	MENTOR6	9.55	0.69	RMSEA	0.04
	MENTOR7	14.61	0.87		
Promotion	PROMOT. 1	7.64	0.86		
F8	PROMOT. 2	3.89	0.56		
	PROMOT. 3	4.74	0.64		
HR performance	HR PERFOM. 1	6.09	0.43	χ^2	7.42
F9	HR PERFOM. 2	5.09	0.61	df	32
	HR PERFOM. 3	2.46	0.71	p	0.08
Growth	GROWTH1	10.56	0.38	NFI	0.98
F10	GROWTH2	15.85	0.49	NNFI	0.97
	GROWTH3	13.63	0.44	CFI	0.97
Profitability	PROFIT. 1	1.99	0.55	IFI	0.98
F11	PROFIT. 2	1.98	0.62	MFI	0.99
	PROFIT. 3	2.9	0.43	RMSEA	0.03

Note(s): Where $\chi^2 = \chi^2$ Satorra–Bentler scale; df = degrees of freedom; p = significance level; NFI = normed fit index; NNFI = nonnormed fit index; CFI = comparative fit index; IFI = incremental fit index; MFI = McDonald fit index; RMSEA = root mean square error of approximation

Table 1.
Confirmatory factor analysis

confidence level of 95% ($t > 1.96$) and exceed the value of 0.5 in all cases. Therefore, the confirmatory factor analysis confirms that the items are grouped around the dimensions that we have proposed.

To analyze the reliability of the chosen measurement scales, we used proxy indicators of internal consistency to measure the constructs (Hair *et al.*, 2006). Specifically, we calculated Cronbach's α coefficient and the composite reliability index (CRI) for each construct, and the recommended threshold values for the two indicators are 0.8 and 0.7, respectively (Nunnally, 1978). The calculations of Cronbach's alpha are shown in Table 2.

4.2 Estimation of the causal model

Following an analysis of the reliability and validity of the measurement scales, we can confirm their scientific validity and test the hypotheses. For this purpose, we propose the corresponding causal model, which includes the effects of employee training and new development practices on the performance of family businesses, and we continue with the methodological stages of the structural equations. Once specified, we proceed with identification and estimation by calculating unique values for the parameters included in the model relationships. The result of the estimate once the model has been re-specified is shown in Table 1.

To confirm that the theoretical model adequately fits the data, we performed evaluations using the χ^2, the Steiger–Lind root mean square error of approximation (RMSEA), the Bentler comparative fit index (CFI), the traditional goodness of fit index (GFI), the nonnormed fit index (NNFI), and the McDonald fit index (MFI) and incremental fit index (IFI) adjustment indices. The χ^2 is 534 with 482 degrees of freedom and $p = 0.047$. The other indices have the following values: NNFI = 0.954, CFI = 0.958, IFI = 0.960, and MFI = 0.706; the RMSEA is < 0.038. The evaluation of the indices shows a good fit when using accepted criteria (Kline, 2005; Satorra, 2002). Reviewing the standardized residual matrix revealed nothing that requires additional modification. We also confirmed that all the model modification indicators were small, suggesting that the fit would not be improved by incorporating further relationships into the model. Therefore, we can avoid random errors and maintain a parsimonious model, as recommended by Goffin (2007) and Barret (2007).

Figure 1 shows that the estimated standardized parameter for employee training is 0.70, indicating a positive impact on the performance of family businesses. Therefore, as stated in Hypothesis 1, performance in family businesses is directly and positively related to employee training. Similarly, the standardized parameter measuring the relationship between new employee development practices and family business performance is positive and

Factor	Cronbach's α
(1) Needs analysis	0.83
(2) Training plan	0.59
(3) Training evaluation	0.61
(4) Rotation and learning	0.36
(5) Coaching	0.44
(6) Mentoring	0.42
(7) Promotion	0.27
(8) Variance	0.55
(9) Growth	0.81
(10) Performance HR.	0.61
(11) Profitability	0.70

Source(s): Authors

Table 2. Cronbach's α (diagonal) for the dimensions

significant (0.22), confirming Hypothesis 2; that is, new employee development practices are directly and positively related to performance. Based on these values, we must emphasize the impact of training on the performance of family businesses since this practice has a greater value than employee development practices.

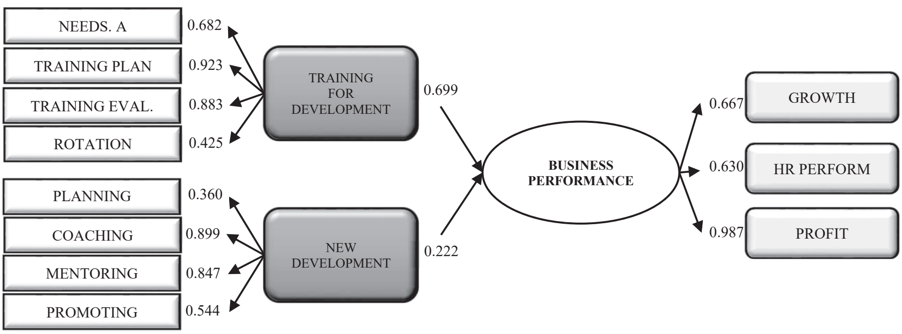
5. Discussion

The aim of our work is to verify whether training and new employee development practices are related to the performance of family businesses. A model linking the variables is estimated so that we can determine the existence of a direct relationship between the performance of family businesses and employee training and development.

A focus on capabilities and resources is an important reference in research on family businesses; however, one of the main criticisms that have been made is the complicated nature of its practical application. Accordingly, the first implication that we draw from our research is that from the theoretical perspective, the theory of company resources and capabilities justifies the idea that employee training and development are sources of sustainable competitive advantage. This theoretical assertion is supported by the results obtained from the practical application, and therefore, we provide empirical evidence regarding the usefulness of the framework of resources and capabilities for explaining the influence of training and new employee development practices on performance. Therefore, first, we contribute to consolidating this approach by demonstrating its usefulness in our research; second, we show that it is an appropriate theoretical framework for studying family firms, thereby avoiding some of the criticisms raised by Kraaijenbrink *et al.* (2010).

Specifically, we achieve our objective by testing the hypotheses that separately link training and new employee development practices with the performance of family businesses. Thus, by confirming the hypothesis, we conclude that employee training is directly and positively related to the performance of such businesses. This result shows that close attention must be paid to the various dimensions involved to achieve a satisfactory relationship between training and family business performance.

The results of this research enable us to deepen and extend the arguments arising from the review of the existing literature. This review reveals training to be one of the most significant business practices for organizations, even more significant than new employee development practices. The influence of the family on the company strengthens the ability to create competitive advantages from the efficient management of human capital. In addition, training helps family businesses successfully manage the process of succession. The unique work environment found in family firms means that training influences employee motivation



Source(s): Authors

Figure 1.
Model of the effect of training and new employee development practices on family business performance

and thus influences employee productivity. As a result, firms that prioritize training and adequately integrate training into their company strategy perform better than other firms.

The hypothesis concerned the relationship between new employee development practices and performance. From the results, we conclude that there is a direct and positive causal relationship between the implementation of new practices of employee development in family firms and performance.

Therefore, our findings enable us to "complete" the theoretical approaches discussed on the relationship between employee development practices and performance, as we show that new employee development practices in family businesses can be demonstrated to be very important. These practices heighten employee loyalty and help retain people, which create intangible competitive advantages. Accordingly, greater investment in such practices will lead to better business results. In addition, employees will perceive these investments positively, and the resulting improved productivity will help companies become more competitive. Providing good career management for employees, using practices such as coaching and mentoring and ensuring the existence of opportunities for promotion are factors that help family firms improve performance and become more successful.

The results of this work show that practitioners in family businesses should pay attention to the dimensions of training and development practices since the proposed model points to the existence of a positive relationship between these practices and performance. The results also point to the importance of good design. Therefore, decisions must be made about what types of instruments to use, how to plan their application, the amount of investment to make and so on. In this sense, our study provides family business practitioners with an outline of activities in these areas. The structural model results show a strong relationship between employee training and development and performance. Throughout this paper, we highlight the characteristics that make organizations expect different behaviors when implementing these practices. Therefore, after learning the results of the investigation, we analyzed a series of articles studying these relationships to uncover differences between family and nonfamily firms.

We studied work related to training for indicators such as productivity (Aghazadeh, 2007), the skills and knowledge of employees (Devins *et al.*, 2004), satisfaction and productivity (Garcia, 2005), quality management (Akdere and Schmidt, 2007) and the level of income (del Valle and Castillo, 2007). Very few studies have linked training with business performance. An exception is Jayawarna *et al.* (2007), who find this relationship by using size, structure and technology as moderator variables. Moreover, there is a group of works that have not established a relationship between training and performance or that have only partially established such a relationship (Ballot *et al.*, 2006; Batt, 2002).

The results of our study suggest that family businesses should understand the training needs of their employees and that various tools are available to help detect these needs. Moreover, the very processes and tasks undertaken by a company create another set of training needs that must be taken into account. Finally, companies must identify training needs that reflect the strategy that they have chosen to follow.

Company training plans should use these sources of information to design objectives for training plans that are formally agreed upon. These plans should involve an increasing number of employees, and the number of programs should also increase annually. Similarly, the training process must state the objectives and assess the importance for the company. These plans should emphasize the role of job rotation and learning as a training tool. Once the programs are implemented, the company should evaluate their effectiveness by measuring the degree to which the objectives are fulfilled and the effect on employee performance.

A focus on capabilities and resources is an important reference in research on family businesses; however, one of the main criticisms that has been made is the complicated nature of its practical application. Accordingly, the first implication that we draw from our research is that from the theoretical perspective, the theory of company resources and capabilities justifies the idea that employee training and development are sources of sustainable competitive advantage. This theoretical assertion is supported by the results obtained from the practical application, and therefore, we provide empirical evidence that the framework of resources and capabilities is useful for explaining the influence of training and new employee development practices on performance. Therefore, we contribute to consolidating this approach by demonstrating that it is an appropriate theoretical framework for studying family firms, thereby avoiding some of the criticisms raised by Kraaijenbrink *et al.* (2010).

6. Conclusion

Family businesses should see individual development processes as an opportunity to improve the performance of employees, which could avoid conflicts in such businesses (Qiu and Freel, 2020). Companies should develop career and succession plans that enable these changes to be faced throughout the company, ensuring that when handover occurs, the candidates are sufficiently qualified in accordance with their career paths. Our research shows that *coaching* is a powerful tool for improving performance. Moreover, *mentoring* appears to be an important part of employee development. For this reason, *mentoring* programs should be formally planned with designated objectives. The profile of mentors should be carefully studied to ensure that participants are committed to the process and that they are satisfied with their career prospects. In addition, family businesses should provide employees with real opportunities for promotion and the development of their skills and abilities, which is a way to retain nonfamily professionals (Ramankutty and Pujar, 2017).

6.1 Practical implications

The results of this work show that practitioners in family businesses should pay attention to the dimensions of training and development practices since the proposed model points to the existence of a positive relationship between these practices and performance. The results also point to the importance of good design. Therefore, decisions must be made about what types of instruments to use, how to plan their application, the amount of investment to make, and so on. In this sense, our study provides family business practitioners with an outline of activities in these areas. The structural model results show a strong relationship between employee training and development and performance. Throughout this paper, we highlight the characteristics that make organizations expect different behaviors when implementing these practices. Therefore, after learning the results of the investigation, we analyzed a series of articles studying these relationships to uncover differences between family and nonfamily firms.

6.2 Limitations and futures research lines

This work has some limitations to consider. By using the questionnaire as an instrument for collecting information, the study has the specific limitations derived from the subjectivity of the use of this tool. On the one hand, the researcher does not approach the phenomenon under study and the respondent has a margin of free interpretation that may distort the objective established through the indicators. On the other hand, the respondents to the questionnaire may transmit biased information, as many items are based on the perception of the respondent himself/herself. To circumvent this problem, we have turned to secondary sources of data on organizational performance.

Another limitation stems from the cross-sectional nature of the research. The information was collected at a specific point in time, with the exception of certain performance indicators, but it would be useful to analyze the effect of training and development on organizational performance from a longitudinal perspective, using extended periods that isolate temporal phenomena and specific circumstances that may distort the outcome of the research. The limitations and the deepening of the study of the subject have given rise to a series of future lines of research that we set out below. In particular, we consider it appropriate to measure the impact of development on business performance over the medium to long term. For example, Birdi *et al.* (2008) suggest that 6–9 years is an appropriate period for longitudinal analysis of the effects of practices on organizational performance indicators.

We also raise the possibility of incorporating moderating and integrating variables of the effect of training and development practices on performance into the model, an issue raised by Becker and Huselid (2006) when they point to the integrated strategy implementation as a mediating variable between HR systems and performance. In our study one of the moderating variables could be the influence of family character. Another variable that could act as a moderator would be the culture of the organization, as pointed out by Birdi *et al.* (2008) and we would see how practices affect performance as a function of organizational culture.

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